



Debt

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Nigeria's ballooning public debt stock

The Debt Management Office (DMO) said on Tuesday that Nigeria's total public debt stock increased to N41.60tn in the first quarter of 2022 from N39.56tn as of December 2021. The public debt stock covers the total domestic and external borrowings of the Federal Government and state governments, including the Federal Capital Territory. According to the DMO, the increase in total public debt stock includes new domestic borrowing by the FGN to partly finance the 2022 budget deficit and the US\$1.25bn Eurobond issued in March 2022 as well as disbursements by multilateral and bilateral lenders. It added that there were also increases in the debt stock of the state governments and the FCT.

Based on FY 2021 GDP data at current prices, the debt to GDP ratio comes to about 24.0%, below Nigeria's self-imposed limit and IMF benchmark of 40% and still significantly below those of African peers like Ghana and Kenya. However, with the inclusion of borrowings from the CBN (Ways and means- estimated at 17.5trn as of December 2021) and the stock of AMCON debt (estimated at about N4.4trn), the debt profile would be about N63.5tn, and debt to GDP ratio comes to c.36.6%. This raises strong debt sustainability concerns. The relatively moderate debt level of the country has increasingly become vulnerable due to high-interest payments, which continue to absorb a significant portion of federal government revenues. Debt service to revenue was estimated at 76.1% as of November 2021.

Nigeria's fiscal deficit has surpassed the target by an average of c.65% over the last 5 years due to ambitious revenue estimates and volatile crude oil prices. Government expenditure for 2022 was estimated at an all-time high of N20.13 trillion (including supplementary budget), and revenue projected at N10.1 trillion will likely underperform estimate. Persistent fiscal spillage has resulted in debt servicing to revenue averaging 70% over the last 5 years. This trend will likely persist and calls for fiscal consolidation. We reiterate the need for the government to cut expenditure and propose reforms that could scale down the size of the government, reduce governance costs and ease the fiscal burden on the government.

Total Public Debt (Q1 2022)

Debt Category	Amount Outstanding (US\$m)	Amount Outstanding (Nm)
Total External Debt	39,969.19	16,617,190.74
Total Domestic Debt	60,100.70	24,986,866.71
FGN Only	48,452.26	20,144,027.72
States & FCT	11,648.44	4,842,838.99
Total Public Debt(A+B)	100,069.89	41,604,057.45

Source: DMO, CSL Research. Note: I&E window exchange rate of N415.75/US\$ as of 31 March 2022 applied

MARKET UPDATE

	1 year	31-Dec-21	1 day
NSE - Index*	39,170.95	42,716.44	53,170.73
Naira / US\$	410.95	435.00	422.50
Brent, US\$/bbl	72.22	77.78	123.07
MPR %	11.50	11.50	13.00

Source: Nigerian Stock Exchange, Central Bank of Nigeria, Bloomberg. *Nigerian Stock Exchange All-Share Index

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Today's news headlines

NNPC makes N1.7tn from crude sales in 12 months: Revenue made by the Nigerian National Petroleum Corporation from crude oil sales in one year has been put at N1.7trn. The corporation's latest monthly and financial report for August said the sum was earned from March 2020 to March 2021 after it lifted a total of 108 million barrels of crude oil within the year, at an average price of \$43 per barrel. A breakdown of the report showed that in March 2020, the oil and gas firm lifted approximately 9, 490mn/b; 11, 437mn/b in April; 5, 113m/b in May; 6,274mb in June; and 8,546m/b in July. In August, NNPC said it lifted 8, 546mn/b; 8, 490mn/b in September; 10, 333mn/b in October; 9, 532mn/d in November; and 7, 539mn/b in December 2020. Source: punchng.com

<https://punchng.com/nnpc-makes-n1-7tn-from-crude-sales-in-12-months/>

Why Nigeria's gas-to-power challenges may worsen: The gas leak inferno in Enugu State and other problems bedeviling the nation's electricity sector may aggravate Nigeria's gas-to-power challenges, OPEOLUWANI AKINTAYO writes. The perennial gas-to-power challenges ravaging the power sector may not abate soon, having been worsened by the Caritas University gas leak. The gas leak inferno around Caritas University, Amorji-Nike, Enugu State, which began on May 25, 2022, and still burning as of press time, has exacerbated the low gas-to-power supply problem currently affecting the country. Findings showed that the gas leak, which eventually caused a fire outbreak close to the university, started when the university community was trying, for the first time, to dig a borehole.

Source: punchng.com

<https://punchng.com/why-nigerias-gas-to-power-challenges-may-worsen/>

PMI Report: Manufacturing Tops Private Sector's Growth in May: The Purchasing Manager Index (PMI) of the Stanbic IBTC Bank Plc for the month of May 2022 stated that the manufacturing sector topped the growth experienced by the Nigerian private sector during the month under review. The report said that the PMI headline reading was 53.9 in May, which was a little lower than the 55.8 recorded in April but sustained a twenty-three successive monthly improvement in business conditions in Nigeria's private sector. The headline figure derived from the PMI survey above 50.0 signaled an improvement in business conditions on the previous month, while readings below 50.0 showed deterioration. Source: thisdaylive.com

<https://www.thisdaylive.com/index.php/2022/06/10/pmi-report-manufacturing-tops-private-sectors-growth-in-may/>

Nigeria Projected to Spend Over \$1.5bn on International Travel in 2022: With COVID-19, a major threat to air travel and economic growth, Nigeria may spend over \$1.5 billion on international travel in 2022, THISDAY investigations has revealed. In 2021, Nigeria spent about \$1 billion on international travel despite and COVID-19 pandemic, which had negative impact on the global economy. But 2022 half-year results from travel agencies have shown that Nigerians may spend more money on foreign travel. Recently, the International Air Travel Association (IATA) noted that Nigeria is one of the countries that quickly bounced back on international travel post COVID-19 restrictions. Source: thisdaylive.com

<https://www.thisdaylive.com/index.php/2022/06/10/nigeria-projected-to-spend-over-1-5bn-on-international-travel-in-2022/>



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Coverage universe	17	10	5	3	35
% distribution	49%	29%	14%	9%	
Investment banking clients	0	1	1	0	2
% distribution	0%	50%	50%	0%	

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